

**Amendment
In the Claims**

Claims 1-28 (Cancelled).

29. (Currently amended): A method of treating ~~or preventing~~ pancreatic damage comprising administering ~~an effective amount of~~ isolated regeneration initiating cells to an animal in need thereof, wherein the regeneration initiating cells have the surface marker c-kit and at least one of CD34 and AC133.

Claims 30-32 (Cancelled).

33. (Previously presented): The method according to claim 29 wherein the regeneration initiating cells are derived from a source selected from the group consisting of bone marrow, peripheral blood, umbilical cord blood or placenta.

Claim 34 (Cancelled).

35. (Previously presented): The method according to claim 33 wherein the regeneration initiating cell has the surface markers c-kit and at least one marker selected from the group consisting of KDR, AC133, CD34, Tie-1/2, Tek-1/2, VEGF-receptor families, CD31, and angiopoietin receptors.

36. (Previously presented): The method according to claim 29 wherein the regeneration initiating cell is human.

37. (Previously presented): The method according to claim 29 for the treatment of diabetes.

38. (Currently amended): The method according to claim 37 wherein the diabetes is non-insulin dependent Type II diabetes.

39. (Previously presented): The method according to claim 29 wherein said animal is a human.

40. (Previously presented): The method according to claim 29 wherein the cells are low density mononuclear lymphocytes.

41. (Previously presented): The method according to claim 29 for the treatment of hyperglycemia.